

## SECTION 5: AWARD FEE DETERMINATION PROCESS

The Industry Partner (IP) begins each evaluation period with 0% of the available award fee and works up to the earned award fee based on performance during the evaluation period. IPs shall not begin with 100% of the available award fee and have deductions taken. The IP shall not receive award fee, in a specific area, for performance that is less than satisfactory.

### 5.1 Monitoring and Assessing Performance

The AFEB Chairperson will assign Performance Monitors for the major performance areas, projects or functional organizations to aid the AFEB in making recommendation for award fee. The AFEB Chairperson may change or add Performance Monitors' assignments at any time without advance notice to the IP. The AFEB Chairperson will promptly notify the IP of all Performance Monitor assignments/ re-assignments. The AFEB Chairperson will ensure that each Performance Monitor and AFEB member has a copy of the relevant sections of the task order and all modifications, a copy of the most current AFDP, and specific instructions for assigned areas.

The Performance Monitors shall be Government personnel selected on the basis of their expertise in the prescribed performance areas, their association with specific projects or within a functional area receiving a significant amount of contractor services. Performance Monitors will conduct assessments of IP performance in their assigned areas.

#### Instructions for Performance Monitors

Performance Monitors will maintain a periodic written record of the IP's performance, including inputs from other Government personnel, in the evaluation area(s) or functional areas of responsibility. Monitors are to rate IP performance as Excellent, Good, Satisfactory or Unsatisfactory using the definitions set forth in Section 7.1, *Rating Scale of the AFDP*. Monitors will retain informal records used to prepare evaluation reports through the evaluation period. After the evaluation period, the monitors shall provide those records to the AFEB Chairperson. The AFEB Chairperson will keep the records to support any inquiries made by the AFDO.

Performance Monitors should conduct assessments in an open, objective and cooperative spirit, so that a fair and accurate evaluation is made. Monitors shall make every effort to be consistent from period-to-period in their approach to determine recommended ratings. **Positive accomplishments should be emphasized just as readily as negative ones.**

## Performance Monitor Evaluation Reports

Performance Monitors shall prepare brief but comprehensive midterm and final evaluation reports for each evaluation period (see Attachment 1). During the tenure as Performance Monitor, individuals should keep records and provide copies of reports to the Coordinator and Chairperson. These reports should be comprehensive and provide details to document the IP's performance. Analysis should be provided that can be used as feedback for the IP's performance including positive and negative comments. Monitors are encouraged to attach additional sheets and supporting data for the Final Report, if applicable. The reports, at a minimum, should contain the following information:

The methods (e.g., observations, product reviews) used to evaluate the IP's performance during the evaluation period. (The criteria to use is in later sections of this plan.)

The technical, economic and schedule environment under which the IP was required to perform. What effect did the IP's performance have on the program, project, product or schedule?

The IP's major strengths and weaknesses during the evaluation period. Give examples of IP performance for each strength and weakness listed that support the recommended rating. If applicable, provide the reference in the specification, statement of work, data requirement, task order, etc., that relates to each strength or weakness.

A recommended rating for the evaluation period and any special conditions that influence this rating using the adjectives and their definitions set forth in this AFDP.

Performance Monitors can be provided with the IP's monthly status/ performance reports which they will review and analyze for accuracy; and if appropriate, provide a written assessment to the Secretariat or lead COTR.

### 5.2 Procedures and Timeframes for Award Fee Evaluations

This procedure is designed to ensure the award fee evaluation occurs in a timely and effective manner, with proper documentation. The AFEB will meet every six months to evaluate the IP's performance and recommend an award fee to the AFDO. The AFEB must have a majority of voting members present to make an official recommendation. The AFEB will document the performance that exceeds or falls below the satisfactory levels to substantiate the assigned score or ratings as appropriate.

#### 5.2.1 Exclusions

Throughout the 6-month evaluation period, the IP shall document and present any circumstance beyond the IP's control (e.g: Acts of God, terrorism, Government delays) that warrants a specific exclusion from the evaluation period. The IP shall provide the *Exclusion Letter* to the COTR and AFEB Chairperson or Performance Monitor(s) within **five (5) working days** of its occurrence. The COTR or Performance Monitors will present the exclusions to the AFEB and, if necessary, will ask the IP to present their case. The AFEB in conjunction with the CO will make a unilateral decision as to their exclusion from the evaluation period.

#### 5.2.2 IP's Monthly Status/ Progress/ Performance Report

The IP shall prepare monthly status reports containing data that can be used to assess some of the criteria stated in this AFDP. Either the task order PM or COTR will provide the status/ performance reports to the Performance Monitors.

#### 5.2.3 Monthly Performance Report Review

Performance Monitors should review the status reports for accuracy and, if significant inconsistencies or deficiencies exist, provide within **five (5) working days** an oral or written summary to the AFEB Chairperson.

#### 5.2.4 Performance Monitor Midterm Reports

The Performance Monitors shall provide to the Chairperson or Coordinator midterm evaluations of the first three months of the evaluation period. Monitors shall provide these reports no later than **five (5) working days** after the end date of the first three months. These reports should be brief (e.g., no more than 2 pages).

#### 5.2.5 IP Self Evaluation

Within **five (5) working days** after the 6-month rating period has ended the IP may provide its self-evaluation to the AFEB and Chairperson. This self-evaluation should be written with the option of presenting an oral self-assessment if requested by the Chairperson.

#### 5.2.6 Performance Monitor Final Reports

The Performance Monitors shall provide evaluations for the entire 6-month evaluation period. Performance Monitors will submit evaluation reports no later than **seven (7) working days** after the end date of the evaluation period to the AFEB Coordinator or Chairperson. The reports should be more comprehensive than the midterm reports.

#### 5.2.7 AFEB Meeting and Memorandum to the AFDO

The AFEB, after receiving the IP's self evaluation, will meet and evaluate all performance information it has obtained. The AFEB will review the Performance Monitors' reports, rate the IP for the evaluation period, and prepare an *Award Fee Evaluation Report*. The report shall be a memorandum to the AFDO with the AFEB's recommendation. The AFEB will meet no later than **ten (10) working days** after the end of the evaluation period.

#### 5.2.8 IP Conference

Within **fifteen (15) working days** after the evaluation period the AFEB will confer with the IP to discuss the report's preliminary finding and recommendations.

#### 5.2.9 AFEB Final Report

After meeting with the IP the AFEB will finalize the report and present it to the AFDO within **twenty (20) working days** after the end of the evaluation period. The report will recommend the award fee amount and any unresolved IP issues to the AFDO.

#### 5.2.10 Award Fee Determination Report

The AFDO will consider the final *Award Fee Evaluation Report* and discuss it, if necessary, with the AFEB. The AFDO may accept, reject, or modify the AFEB recommendation. The AFDO and the CO will make the final determination of the award fee earned during the period. The AFDO's determination of the award fee amount earned and the basis of the determination will be stated in the Award Fee Determination Report letter and forwarded to the CO within **twenty-five (25) working days** after the end of the evaluation period for invoice purposes. This letter will state the amount of award fee earned and the amount of the award fee lost for the evaluation period.

#### 5.2.11 Award Fee Determination Notice

The SBI Executive Director will prepare this notice to the IP stating the amount of the award fee earned for the evaluation period.

#### IP Invoice

The IP shall invoice without a task order modification after receipt of the award fee determination notice, providing that sufficient funds were obligated in the award fee pool.

#### Termination

If the task order is terminated for the convenience of the Government after the start of an AF evaluation period, the AF deemed earned for that period shall be determined by the AFDO using the normal AF evaluation process. After termination for convenience, the remaining AF pool cannot be earned by the contractor and, therefore, will not be paid. If terminated for default, there will be no AF earned.

## Changes to Performance Categories and Weight Factors

Within fourteen days of the start of the period, the Government and Contractor may participate in a joint meeting to reach a common understanding of the categories provided. The Government reserves the right to make changes to the Performance categories and factors or weights by unilateral modification prior to commencement of each evaluation period.

### SECTION 6: EVALUATION CRITERIA AND WEIGHTS

The AFDP consists of award fee provisions for three areas: (1) Management, (2) Technical and (3) Cost as they apply to performance of the task order. The Performance Monitors and AFEB members should use the IP-provided status reports and the questions in this section to create an overall standard for the criteria being evaluated. For those factors that are subjective, not all questions may be appropriate for the particular award fee period being evaluated; e.g., 6.1(a).

#### 6.1 Effectiveness, Efficiency and Quality of Program Management

**Management – 50% (based on the Rating Scale in Section 7):** The objective of the award fee provision is to provide an incentive to the IP to achieve optimum management performance of the task order requirements. The evaluation of “**Management**” performance will consider all aspects of contractor performance in terms of criteria and the questions below. Therefore, this is a subjective, qualitative factor.

Was the initial transition managed effectively; including the Transition Plan, availability of all Key Personnel, and completion of Background Investigations or security clearances? (Only during the first 30 day period).

Are management reports timely, accurate, complete and IAW task order schedules?

Are management actions timely and effective, incorporating effective quality controls and quality assurance?

To what extent does management follow documented communication and risk management processes to foresee, mitigate or prevent problems?

Is the methodology and tools used for communications effective and accurate; and does management regularly inform the Government of project activities?

To what extent do all responsible elements of the IP's organization, including subcontractors, work in unison with each other and the System Prime contractor and other support contractors?

To what extent are IP personnel prepared for meetings and briefings, and contribute value-added assistance and advice?

To what extent are qualified personnel assigned to the task order; and is the IP's work performed efficiently with the correct skill mix?

Other than routine management reports, are technical revisions and technical comments timely, accurate, complete, and in the specified format?

To what extent is staff continuity preserved, including maintaining small business utilization; and personnel change management handled rapidly and efficiently? (Given that the IP cannot control the time it takes for CBP to complete Background Investigations.)

To what extent does management evaluate current SBI processes and make recommendations for improvement that incorporate industry standards and best practices?

#### 6.2 Expertise, Currency and Accuracy of Technical Services

**Technical – 30% (based on the Rating Scale in Section 7):** The objective of this award fee provision is to provide the incentive for the IP to achieve optimum technical performance. The evaluation of “**Technical**” includes subjective and qualitative criteria. Technical rating is based on the performance achieved in the IP-provided status/ performance report, if applicable, and the qualitative questions provided below.

The criteria for technical performance includes the following questions:

To what extent are the Key Personnel, technical Subject Matter Experts (SMEs), including lead senior personnel, at the forefront of the technology and business processes used in the SBI environment?

To what extent do Key Personnel and SMEs contribute timely and accurate technical information to identify corrective actions necessary by the Government?

To what extent does the IP transfer its technical knowledge and skills to SBI Program Managers to achieve technical operational objectives?

To what extent are Federal and industry standards and processes identified to assist the SPO deliver the technical solution [e.g., Federal Information Security Management Act, NIST Standards, CMMI, and various Federal Information Processing Standards (FIPS)]?

To what level of expertise and quality does the IP contribute to Integrated Master Schedules, Integrated Master Plans and Integrated Baseline Reviews as scheduled?

To what level of expertise and quality does the IP contribute to the SBI regarding informal Independent Verification & Validation (IV&V) functions? (Given that the IP is not the formal IV&V contractor.)

### 6.3 Planning, Control and Execution of Cost

**Cost – 20% (May primarily be determined by the COTR, PM and Project Manager(s); and based on the Rating Scale in Section 7).** The objective of this award fee provision is to provide the incentive for the IP to achieve optimum cost effectiveness while performing task order requirements. The evaluation of cost will consider all aspects of task order performance for the criteria below.

To what extent has the IP effectively and efficiently managed costs and remained within the cost estimate and awarded amount of the task order?

Does the IP take proactive measures to avoid cost growth such as not exceeding the 40 hour work week and informing the Government of additional work? (Note: There will be instances when a contractor may exceed the 40 hours/week schedule.)

Does the IP respond promptly to inquiries and requests for program cost data?

Are invoices, vouchers and cost performance-related reports timely and accurate?

After the first two months following task order award, are invoices and vouchers provided to the COTR and task order PM on a regular basis; and are invoices correct?

To what extent are costs questioned and disallowed by the COTR?

Are Other Direct Costs (ODCs) and Travel authorizations and purchases accomplished in a cost-effective manner and IAW task order requirements and Federal travel regulations?

## SECTION 7: PERFORMANCE SCORING AND RATING SCALE

The scoring and methodology to be used in determining the award fee scores for the three criteria outlined in Section 6 are IAW the rating scale described below.

### 7.1 Rating Scale

Evaluators and Performance Monitors will use the following Rating Scale for evaluating the criteria in Section 6. The percentage (or range) of the award fee, for performance that is at least Satisfactory, corresponds to these ratings. The Contractor does not receive award fee for performance that is less than Satisfactory.

**7.1.1 Management Rating Scale Criteria:** The following Rating Scale will be used in evaluating the management criteria in Section 6.